

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6305

BILL NUMBER: SB 422

NOTE PREPARED: Feb 17, 2015

BILL AMENDED: Feb 12, 2015

SUBJECT: Court Security Fees and Funds.

FIRST AUTHOR: Sen. Grooms

FIRST SPONSOR: Rep. McNamara

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

- A. *Revenue from Court Security Fees* – It provides that a county, city, or town may adopt an ordinance to establish a local court security fee. It provides that the revenue provided to a county, city, or town from a local court security fee may be used only for local court security purposes.

- B. *Revenue from Redevelopment Commissions* – It provides that a redevelopment commission may provide revenue to a county, city, or town from property tax proceeds allocated to the redevelopment commission from a tax increment financing area, if the legislative body of the county, city, or town and the redevelopment commission adopt substantially similar authorizing resolutions following a joint public hearing. It provides that the revenue provided to a county, city, or town from a redevelopment commission may be used only for local court security purposes.

Effective Date: July 1, 2015.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) *New Revenue From Court Fees* – Any additional revenue will depend on the number of counties and municipalities that impose this additional fee. As an illustration, if all

92 counties and 69 municipalities that have city or town courts impose the \$2 local court security fee, the added revenue could be between \$555,000 and \$790,000 in new revenue annually once the full amount that can be collected is realized.

The new revenue will likely take several years before the maximum amount can be collected. The delay in full collection will be due in part to statutory provisions on how fees involved in criminal cases are collected and how many counties and cities and towns with courts elect to impose this fee.

(Revised) *New Revenue from Redevelopment Districts* – Under this provision, a county, city, or town, along with a redevelopment commission may pass similar ordinances that result in the transfer of TIF revenue to the county, city, or town to be used for local court security purposes. This provision does not apply to Marion County, but it does apply to the city of Beech Grove within Marion County.

A city or town may receive TIF revenue only from TIF allocation areas within the municipality's territory. The county may receive TIF revenue from any TIF allocation area within the municipality's county.

This provision would not affect overall TIF revenues. It would, however, allow an additional use for the proceeds. If both the redevelopment commissions and the county or municipality adopt resolutions authorizing the revenue transfer, the redevelopment commissions would lose the amount of revenue gained by the county or municipality. The amount of the revenue transfer depends on local action.

Eighty-three counties, not including Marion County, have TIF areas. Fifty-three of the 69 municipalities with city or town courts have TIF areas.

(Revised) *Additional Information*- Civil cases and criminal cases were used to estimate the new revenue that this bill could generate. Civil cases include plenary, mortgage foreclosures, civil collections, tort, domestic relations, reciprocal support, mental health, and miscellaneous cases. Criminal cases include felonies and misdemeanors.

Because fees are collected at two different points in the court process, the new revenue will likely not reach its peak until after FY 2016. For civil cases, current law requires the civil filing fee to be collected at the time of the filing (IC 33-37-4-4).

In contrast, defendants in criminal cases are required to pay the fee when they are found or plead guilty. If the case is dismissed or if the defendant is found not guilty, then the criminal defendant does not pay the fee. In addition, the court imposes fees after conducting a hearing to determine whether the convicted person is indigent. If the person is not indigent, the court orders the person to pay one of the following: the entire amount at the time of the sentence; the entire amount at some later date; or specified parts of the costs at designated intervals. (IC 33-37-2-3)

To make these revenue estimates, LSA used a five-year average of civil case filings and criminal dispositions that were included in the *Indiana Judicial Report* between CY 2009 and 2013. LSA also used five-year averages of dismissals for criminal cases and the number of criminal cases where the defendant was represented by pauper counsel as a proxy for indigent defendants. Published statistics on the number of defendants in criminal cases who were found not guilty were not available for Indiana.

The following shows the range in estimated new revenue once it reaches its full peak.

New Revenue from Court Security Fee					
	Eligible Cases		Fee		New Revenue
Low Estimate	277,700	x	\$2.00	=	\$555,400
High Estimate	395,000	x	\$2.00	=	\$790,000

According to the Indiana Supreme Court, 45 cities in Indiana had city courts and 24 towns had town courts in CY 2013. The 2014 Auditors Abstracts report that of these municipalities with city or town courts, 38 cities and 15 towns had TIF districts.

Cities with City Courts				
Anderson	Crown Point	Gary	Lawrenceburg	Peru
Attica	Delphi	Gas City	Lebanon	Portland
Batesville	Dunkirk	Goshen	Marion	Terre Haute
Beech Grove	East Chicago	Greenwood	Martinsville	Tipton
Bicknell	Elkhart	Hammond	Muncie	Union City
Bluffton	Elwood	Hobart	Nappanee	Wabash
Butler	Fishers	Jeffersonville	New Castle	West Lafayette
Carmel	Frankfort	Knox	New Haven	Whiting
Clinton	Franklin	Lake Station	Noblesville	Winchester
Note: Cities shown in bold have TIF districts				

Towns with Town Courts				
Avon	Cumberland	Jamestown	Plainfield	Walkerton
Brownsburg	Demotte	Lowell	Schererville	Whitestown
Bunker Hill	Edgewood	Merrillville	Sharpsville	Yorktown
Burlington	Fremont	Mooreville	Thorntown	Zionsville
Clarksville	Hagerstown	Pendleton	Versailles	
Note: Towns shown in bold have TIF districts				

State Agencies Affected:

Local Agencies Affected: Clerks of the circuit court; Clerks of the city and town courts; Local redevelopment districts.

Information Sources: Indiana Supreme Court Division of State Court Administration; 2014 County Auditors Abstracts.

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